

TITLE 2. ADMINISTRATION

CHAPTER 8. STATE RETIREMENT SYSTEM BOARD

Authority: A.R.S. § 38-701 et seq.

**ARTICLE 1. RETIREMENT SYSTEM; DEFINED
BENEFIT PLAN**

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R2-8-101.	Repealed
R2-8-102.	Repealed
R2-8-103.	Repealed
R2-8-104.	Definitions
R2-8-105.	Repealed
R2-8-106.	Reserved
R2-8-107.	Reserved
R2-8-108.	Reserved
R2-8-109.	Reserved
R2-8-110.	Reserved
R2-8-111.	Reserved
R2-8-112.	Reserved
R2-8-113.	Reserved
R2-8-114.	Reserved
R2-8-115.	Termination of membership
R2-8-116.	Reemployment after retirement
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**ARTICLE 2. STATE RETIREMENT DEFINED
CONTRIBUTION PROGRAM**

Article 2, consisting of R2-8-201 through R2-8-207, made by final rulemaking at 10 A.A.R. 1962, effective May 4, 2004 (Supp. 04-2).

Section	
R2-8-201.	Definitions

- R2-8-202. Actuarial Assumptions
- R2-8-203. Adjustment of Benefits for Retired System Members and Retired or Non-retired System Members' Beneficiaries under Section 24 (B)(3) of the Implementing Statute
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- R2-8-205. Adjustment of Benefits under Section 24 (B)(4) of the Implementing Statute
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- R2-8-207. Return of Contributions

ARTICLE 1. RETIREMENT SYSTEM; DEFINED BENEFIT PLAN

R2-8-101. Repealed

Historical Note

Former Rule, Social Security Regulation 1; Former Section R2-8-01 renumbered as Section R2-8-101 without change effective May 21, 1982 (Supp. 82-3). Amended subsections (A) and (C) effective April 12, 1984 (Supp. 84-2). Section repealed by final rulemaking at 10 A.A.R. 669, effective February 3, 2004 (Supp. 04-1).

R2-8-102. Repealed

Historical Note

Former Rule, Social Security Regulation 2; Amended effective April 15, 1980 (Supp. 80-2). Former Section R2-8-02 renumbered as Section R2-8-102 without change effective May 21, 1982 (Supp. 82-3). Amended as an emergency by adding subsection (E) effective January 1, 1984, pursuant to A.R.S. § 41-1003, valid for only 90 days (Supp. 83-6). Emergency expired. Permanent rule, subsections (A), (B), and (D), amended effective April 12, 1984 (Supp. 84-2). Correction, subsection (B), as amended effective April 12, 1984 (Supp. 84-3). Section repealed by final rulemaking at 10 A.A.R. 669, effective February 3, 2004 (Supp. 04-1).

R2-8-103. Repealed

Historical Note

Former Rule, Social Security Regulation 3; Amended effective April 15, 1980 (Supp. 80-2). Former Section R2-8-03 renumbered as Section R2-8-103 without change effective May 21, 1982 (Supp. 82-3). Amended as an emergency by adding subsection (E) effective January 1, 1984, pursuant to A.R.S. § 41-1003, valid for only 90 days (Supp. 83-6). Emergency expired. Permanent rule, subsections (A) thru (C), amended effective April 12, 1984 (Supp. 84-2). Section repealed by final rulemaking at 10 A.A.R. 669, effective February 3, 2004 (Supp. 04-1).

R2-8-104. Definitions

- A.** Proprietary functions: Services performed in a single proprietary function for a political subdivision are those services normally carried on by private enterprises. These include, but are not limited to, municipal water departments, municipal transportation departments, municipal housing and airport authorities. For other political subdivisions such as school districts, these functions include cafeteria workers and bookstore employees. School district bus drivers engaged in transporting students without charge are not engaged in a proprietary function. Hospitals operated for the care of the indigent sick by political subdivisions constitute a governmental function, and the employees in such a hospital, therefore, are not performing services in proprietary functions.
- B.** Who are employees:
 - 1. Every individual is an employee if the political subdivision for which he performs services has the right to control and direct him not only as to what shall be done but how it shall be done. It is not necessary that the political subdivision actually control or direct the manner in which the services are performed; it is sufficient if the subdivision has the right to do so. The right to discharge strongly implies the right to control.
 - 2. Officers of a political subdivision are its employees. So are any individuals performing services under contract in the exercise of a governmental function. Individuals such as physicians, dentists, and lawyers, engaged in an independent profession in which they offer their services to the public, are employees if their services include the exercise of a governmental function. If not, they may or may not be employees depending upon the degree to which they are subject to control by the political subdivision.
 - 3. Whether the individual is an employee depends upon the actual facts of his relationship with the political subdivision. A juror is not an employee since he is not a public officer and is not subject to control as to how he votes on a verdict. A physician who contracts with a county Board of Supervisors to furnish medical services to the indigent sick is an employee when the duty of caring for indigent sick is by law placed in the Board.
- C.** Mandatory exclusion: Prior to the 1967 Social Security Amendments, the state had the option of excluding emergency services. Beginning January 1, 1968, services performed by an individual as an employee serving on a temporary basis in case of fire, storm, snow, earthquake, flood, or other similar emergency are mandatorily excluded. This mandatory exclusion is applicable to services for groups already covered as well as to services for groups which may be covered in the future.
- D.** Elective positions: Elective positions as used in agreements excluding such positions from coverage means those positions filled by a vote of a legislative body, a board or committee, or by the qualified electorate at large for the subdivision or instrumentality covered by the agreement, which would constitute an election under the law of Arizona.
- E.** Class or classes of part-time positions: Services performed in a position which does not require more than 150 hours of service in a calendar quarter are services in a part-time position. If a position is established during a calendar quarter and if such position would require more than 150 hours of service if it had been in existence for the entire quarter, such position would not be a part-time position and services in such a position would not be excluded under the state's definition. The time requirements of the position itself, and not the number of hours worked by an individual, is the determinative factor. For example, an individual may be employed and compensated for only a few hours in only one day of a calendar quarter and such individual may be subject to coverage if the position is one which requires more than 150 hours of service.
- F.** Class or classes of positions the compensation for which is on a fee basis:
 - 1. Compensation is considered to be on a salary basis when the payments are made at regular and fixed intervals based on services for definite and regular periods of time; and on a fee basis when made for particular services rendered at irregular and uncertain periods. Persons performing personal services of a governmental nature for a political subdivision are employees regardless of whether

compensation is on a salary or fee basis. The services of such a person may be excluded, however, if compensated on a fee rather than a salary basis and the agreement between the Arizona State Retirement System Board and the subdivision excludes positions on a fee basis.

2. Individuals performing governmental services in the practice of their profession, such as doctors or lawyers, may be on either a fee or salary basis depending on the nature of their contract of employment with the political subdivision. For example, a city attorney working full time for a regular monthly salary is not on a fee basis. An attorney employed by the city for special services to be rendered at irregular and uncertain periods for a fixed amount (even though weekly, monthly or other partial advances may be made) is compensated on a fee basis. When, as with some justices of the peace or tax collectors, the compensation is derived in part from fees and part from salary, the position is to be considered as on a fee basis if fees constitute the primary source of compensation. The fees may be received from either the public or the political subdivision. If the fee-basis exclusion is taken and if the position is a fee-basis position, all fees and salary received for services in such a position are not to be reported. If the exclusion is not exercised, all fees received, whether from the political subdivision or other sources, are to be reported.
3. Beginning January 1, 1968, services performed by state and local employees in positions compensated solely by fees, which are not covered under an agreement, are compulsorily covered as self-employment. However, an individual occupying such a fee-basis position in 1968 could elect not to have his fees covered as self-employment income, if he filed a certificate of election of exemption with the Internal Revenue Service on or before the due date of his 1968 federal income tax return.
4. An entity may modify its agreement to extend coverage to services performed after 1967 in any class or classes of positions compensated solely by fees not covered under an agreement prior to 1968. However, the entity must specifically include such services where this coverage is desired. Such coverage shall be effective with respect to services in such fee-basis positions performed beginning with the first day of the year after the year in which the agreement is approved.
5. An entity may at any time after 1967 modify its agreement to exclude services performed in any class or classes of positions compensated solely by fees. Such an exclusion from coverage is effective the first day of the year following the year in which the agreement is approved. If any class or classes of positions are so excluded, the entity cannot at a later date modify its agreement to again cover the services.

G. Exclusion by class or classes of positions:

1. Basic classifications may be made within either elective, part-time, or fee-basis positions according to a class or classes of positions having common characteristics or attributes, and exclusions limited to such classes. A class of positions includes all of the positions in the coverage group which have these common characteristics. Services in one or more classes or combinations of classes may be excluded. Positions may be excluded in one class and covered in another. For example, in a coverage group there may be excluded services in all elective positions or the exclusion could be limited to services in all elective positions except elective judicial positions and except part-time elective positions.

2. Positions in a single organizational unit of the coverage group do not constitute a class of positions. Therefore, while all of the part-time maintenance workers of a county could be excluded under the part-time option, the exclusion could not be limited to all or any class or part-time maintenance workers in the Office of the County Clerk, which is an organizational unit of the county.

H. Agricultural labor which would be excluded if performed for a private employer:

1. Under the federal Social Security Act, when the agricultural exclusion has been taken, tests as to services which are excluded should be applied to all reports covering reporting quarters beginning on or after January 1, 1957. Cash remuneration paid to an employee for agricultural services should be reported only if:
 - a. Such remuneration paid the employee during a calendar year (even though part of it was for services performed in a previous calendar year) amounts to \$150 or more; or
 - b. The employee performs agricultural services for the employer on some part of a day on at least 20 days during a calendar year for cash remuneration computed on a time basis, as by the hour, day, or week; in which event the amount of cash remuneration is immaterial in determining if the services are covered.
2. Services performed by individuals lawfully admitted from any foreign country on a temporary basis to perform agricultural labor are excluded.

I. Student service exclusion: Only those student services which would be mandatorily excluded if performed for a private employer fall within this exclusion. Where this exclusion is taken, the following services are not covered:

1. Services performed by a student regularly enrolled and attending classes in the employ of his school, college, or university. This means the employing entity and not necessarily the individual institution. The exclusion applies only during periods of regular school attendance. Thus, the exclusion does not apply to work done during summer vacation unless the student is attending a summer session. This is true even though the student was enrolled and regularly attending classes in the school during the previous year and expects to return to school the following year. Services performed on holidays and weekends falling within the academic year when classes are not scheduled, on the other hand, are excluded.
2. Services performed as a student nurse in the employ of a hospital or nurses' training school by an individual who is enrolled and regularly attending classes in a nurses' training school chartered or approved pursuant to state law. It is not necessary that the nurses' training school in which the student nurse is enrolled and attending classes be located within the approving state as long as the school meets the educational standards established by state law for the approval of schools within the state.

J. Services performed by election officials or election workers if remuneration paid in a calendar quarter is less than \$50:

1. Prior to the 1967 amendments to the Social Security Act, there was no provision for a specific exclusion of the services of election officials or election workers. The exclusion of such services was possible, however, by exclusion of a class of services for which an exclusion was permitted, i.e., exclusion of election officials and election workers as a class of part-time or fee-basis positions.
2. This optional exclusion of services performed by election officials or election workers is dependent on the amount

paid in a calendar quarter for such services, e.g., if the remuneration paid in the third calendar quarter of a year amounts to \$50 or more, the services are covered and must be reported regardless of the fact that the remuneration paid in any other calendar quarter for election officials' or election workers' services amount to \$49.99 or less and is not reportable.

3. These services may continue to be excluded as a class of part-time or fee-basis positions without regard to the amount paid for such services. These services would, of course, be excluded already if a part-time or fee-basis position exclusion in broad enough terms was previously exercised. The purpose of the optional exclusion of services performed by election officials or election workers if remuneration in a calendar quarter is less than \$50 is to permit the exclusion to be taken where one was not previously taken. The effective date of exclusion for these services may not be earlier than the last day of the calendar quarter in which the modification to state's Social Security agreement is mailed to the Secretary of Health and Human Services.
4. On or after January 1, 1978, a political entity can modify its agreement to specifically exclude the services of election officials or election workers if the remuneration paid in a calendar year is less than \$100. A change to \$100 in a year from \$50 in a calendar quarter requires the execution of a new modification. For modification executed after December 31, 1977, the \$100 in a year test must be used.

K. "Wages" -- (A.R.S. § 38-701(8)) means all remuneration paid to employees whose services are covered under an agreement in a calendar year not in excess of the maximum reportable wages on which social security contributions are due.

1. Wages include the cash value of remuneration paid to employees other than money, for example, the value of room and board. The valuation of room and board furnished an employee by a political entity shall be computed at the same valuation as computed by the Industrial Commission for payment of workmen's compensation premiums.
2. If, as a part of the employment, it is understood that the employee is entitled to meals and the employer is to furnish them, the value of such meals is wages and should be reported. If there is no understanding (either orally or in writing) that meals will be furnished the employee, but they are in fact provided, the value of the meals would be wages if it is substantial. The value of meals may be considered as not substantial if it is less than five percent of the cash pay.
3. The employer's report of wages paid for each calendar quarter to the Arizona State Retirement System Board shall include for each employee both the cash wages and the value of room and board as a lump sum for the quarter for which the report is made.
4. The employee tax shall be deducted from the wages paid in accordance with the method of including the value of remuneration paid in any medium other than cash in each pay period or in a single pay period in the calendar quarter.
5. The value of meals and lodging furnished by, or on behalf of an employer to an employee, the employee's spouse, or any of the employee's dependents is not wages for Social Security purposes if:
 - a. The meals or lodging are furnished on the business premises of the employer, and
 - b. The meals or lodging are furnished for the convenience of the employer, and

- c. The employee is required to accept such lodging as a condition of employment.

Historical Note

Former Rule, Social Security Regulation 4; Former Section R2-8-04 renumbered as Section R2-8-104 without change effective May 21, 1982 (Supp. 82-3). Amended subsections (G), (J), and (K) effective April 12, 1984 (Supp. 84-2). Typographical error corrected in subsection (5)(c) "required" corrected to "required" (Supp. 97-1).

R2-8-105. Repealed

Historical Note

Former Rule, Social Security Regulation 5; Amended effective April 15, 1980 (Supp. 80-2). Former Section R2-8-05 renumbered as Section R2-8-105 without change effective May 21, 1982 (Supp. 82-3). Amended as an emergency by adding subsection (E) effective January 1, 1984, pursuant to A.R.S. § 41-1003, valid for only 90 days (Supp. 83-6). Emergency expired. Permanent rule amended effective April 12, 1984 (Supp. 84-2). Section repealed by final rulemaking at 10 A.A.R. 669, effective February 3, 2004 (Supp. 04-1).

R2-8-106. Reserved

R2-8-107. Reserved

R2-8-108. Reserved

R2-8-109. Reserved

R2-8-110. Reserved

R2-8-111. Reserved

R2-8-112. Reserved

R2-8-113. Reserved

R2-8-114. Reserved

R2-8-115. Termination of membership

- A. Payment of refund: A member who terminates service and desires a refund of his contributions, together with interest thereon, shall submit a withdrawal request on a form supplied by the Board.
- B. Interest credits on refunds: If membership is cancelled and a refund warrant is issued during the fiscal year that membership was established, no interest shall be paid to the account of such withdrawing member. If termination of membership occurs after the first fiscal year, interest at the annual rate shall be credited to the account of the withdrawing or deceased member as of June 30 of each year on the basis of the balance in the account of the member as of the previous June 30. Interest for an incomplete year on the previous June 30 balance shall be allowed in accordance with R2-8-118(A)(1).
- C. Marital status: Upon filing a request for refund, a withdrawing member shall be entitled to payment of the amount due him, with interest, without regard to his previous or current marital status unless there has been filed with the Board prior to such request for payment a notice of the claim of entitlement to all or a portion of the amount by a present or former spouse. A claim of entitlement by a present or former spouse will be recognized by the Board only in accordance with the legally adjudicated rights of the contesting claimants. Certified copies of court decrees or judgments shall be filed in support of the claim of a former spouse of a withdrawing member.
- D. Refund of contributions of deceased member: Upon death of a member, the designated beneficiary shall furnish a certified copy of the death certificate to the Board, whereupon refund

shall be made in accordance with the deceased member's last dated written designation of beneficiary. If there is no designation of beneficiary, the refund shall be paid to the deceased member's estate representative designated by a court order. Such representative shall furnish a certified copy of a death certificate and a certified copy of the court order of appointment.

E. Refund of contributions where no death certificate is available:

1. Upon such circumstances which lead to the presumed death of a member or upon such conditions and circumstances where a death certificate is unavailable, but that the death of a member is presumed to have occurred; then the designated beneficiary of the member shall make application for the refund of contributions for said member. If there is no designation of beneficiary, the application shall be made by an estate representative designated by a court order. Such representative shall furnish a certified copy of the court order of appointment.
2. The Board shall, upon receipt of such application, request such secondary evidence or court order or testimony as shall satisfy the Board concerning the death of the aforesaid member.
3. The Board may hold a hearing and hear all of the evidence or the Board may require the beneficiary or the representative to institute an estate proceedings in the Superior Court to establish the presumed death of the member and to have a representative appointed by a court order to act in behalf of the estate of said member. The Board may determine or may deduce that death is probable.
4. Upon the decision of the Board that death of the aforesaid member is and was probable under the circumstances, the Board shall require a covenant of indemnity from the designated beneficiary or the representative of the said member which shall indemnify the Arizona State Retirement System for any loss of funds due to payment or expenses involved in the event the aforesaid member is later found not to have been deceased at the time and under the circumstances presented before the Board.
5. After compliance with all of the above conditions, refund shall be made in accordance with the deceased member's last dated written designation of beneficiary. If there is no designation of beneficiary, the refund shall be paid to the deceased member's estate representative designated by a court order. Such representative shall furnish a certified copy of a death certificate and a certified copy of the court order of appointment.

F. Limitation on eligibility for payment of refund: For the purpose of A.R.S. §§ 38-758 and 38-781.12, a member or participant is not considered to have terminated employment or to have left employment unless there is an interval of not less than 21 calendar days between the last day of employment in any position subject to participation in the Arizona State Retirement System and the first day of employment or of reemployment in the same or in any other position subject to the participation in the Arizona State Retirement System.

Historical Note

Former Rule, Social Security Regulation 1; Amended effective Dec. 20, 1979 (Supp. 79-6). Former Section R2-8-15 renumbered as Section R2-8-115 without change effective May 21, 1982 (Supp. 82-3).

R2-8-116. Reemployment after retirement

Reemployment after retirement:

1. A member who has retired and accepts temporary employment in a position covered by the Retirement System for a period of not more than three months and who elects to waive contributory membership in the System

shall continue to receive his benefits and no change shall occur upon termination of such employment.

2. A member who has retired and accepts regular or part-time employment at a wage equal to, or in excess of, the individual's monthly Social Security (Old Age and Survivors' Insurance) and the Arizona State Retirement System retirement income shall have his retirement benefit suspended during the period of employment and must submit a new application for retirement upon termination. Such resumption of employment continuing for six months or more will result in the re-opening of the member's Retirement Fund balances in the amounts determined by the actuary to be the "present value" of the previous retirement benefit. The present value figure will be based upon the previously effective optional payment method and the date of resumption of employment and the balances so determined will be credited to the member's retirement accounts. A like calculation shall be made to determine the amount to be reversed from the Prior Service Credits Reserve for Retired Members to the corresponding Reserve for Active Members. Contributions made during re-employment shall be included in the new benefit computation. Resumption of employment foreseen by this subsection but of less than six months' duration shall not result in the re-opening of Retirement Fund or active Prior Service accounts. Benefit payments shall be suspended and such payments, without being modified by recalculation, shall resume the first of the month following verified resignation from service. In the event contributions are committed during the period of less than six months of re-employment, the member's contributions, with appropriate interest earnings, shall be refunded to him on termination of employment.
3. A member who has retired and accepts regular or part-time employment at a wage less than the individual's monthly Social Security and Arizona State Retirement System retirement benefit will continue to receive his retirement benefit during the period of re-employment. In the event contributions are committed during the period of re-employment, the member's contributions with appropriate interest earnings shall be refunded to him upon termination of employment.

Historical Note

Former Rule, Retirement System Regulation 2; Former Section R2-8-16 renumbered as Section R2-8-116 without change effective May 21, 1982 (Supp. 82-3).

R2-8-117. Prior service pensions

- A. Average annual wages: Average annual wages used as a basis for determining prior service credit shall be determined by the wages paid during the five fiscal years commencing July 1, 1948, and concluding June 30, 1953, for state employees. For employees of political subdivisions, the average annual wage shall be determined by the wages paid to the employee during the five fiscal years immediately preceding the establishment of the retirement system by the political subdivision. In no case, shall any earnings over \$3,600 in any fiscal year be taken into consideration in determining the average annual wage. If employment by the member was less than the five fiscal years preceding establishment of the retirement system, the average annual wage for the actual period of employment shall be used.
- B. Irregular and part-time employment: Employment during the period for which prior service credit is allowed which was at irregular intervals or on a daily basis shall reflect the number of days of actual employment during a fiscal year for the purpose of determining prior service credit. Employment which

was regular but constituted less than a full day and resulted in salaries proportionate to such part-time service shall be treated as full-time service at the rate of compensation actually paid for the purpose of determining the period and the amount of prior service credit.

- C. Teachers at the University of Arizona who were not members of the Arizona Teachers' Retirement System shall have their prior service credit calculated for the years preceding July 1, 1953.

Historical Note

Former Rule, Retirement System Regulation 3; Former Section R2-8-17 renumbered as Section R2-8-117 without change effective May 21, 1982 (Supp. 82-3).

R2-8-118. Allocation to funds

Retirement Fund earnings:

1. Interest:
 - a. The June 30, 1959, and preceding actuarial valuations of the Retirement Fund were based on a 2 1/2 percent annual rate of interest; the June 30, 1960, through June 30, 1965, actuarial valuations were based on a 3 percent annual rate of interest; the June 30, 1966, through June 30, 1968, actuarial valuations were based on a 3 3/4 percent annual rate of interest; the June 30, 1969, through June 30, 1970, actuarial valuations were based on a 4 1/4 percent annual rate of interest; the June 30, 1971, through June 30, 1974, actuarial valuations were based on a 4 3/4 percent annual rate of interest; the June 30, 1975, actuarial valuation was based on a 5 1/2 percent annual rate of interest; the June 30, 1976, through June 30, 1980, actuarial valuations were based on a 6 percent annual rate of interest; the June 30, 1981, actuarial valuation shall be based on a 7 percent annual rate of interest and subsequent valuations shall be at the 7 percent annual rate of interest until such rate is changed by the Board.
 - b. Interest at the annual rate of 5 1/2 percent shall be effective July 1, 1975. The annual rate in effect at the beginning of each fiscal year shall be credited to the retirement account of each member on the June 30 which marks the end of the fiscal year on the basis of the balances in the account as of the previous June 30. The balances upon which such interest shall be credited shall include both employer and employee contributions, voluntary additional contri-

butions made by employees, any amounts credited as employer contributions by transfers pursuant to A.R.S. § 38-753(E), and interest previously credited. If a member terminates service and withdraws his contributions, interest earnings for the fiscal year in which the refund occurs will be calculated for the incomplete year on the previous June 30 balance, if any, at the rate of 1/12th of the annual rate for each elapsed month following such June 30.

Historical Note

Former Rule, Retirement System Regulation 4; Amended effective July 1, 1975 (Supp. 75-1). Amended effective June 23, 1976 (Supp. 76-3). Former Section R2-8-18 renumbered and amended as Section R2-8-118 effective May 21, 1982 (Supp. 82-3).

R2-8-119. Retirement benefit payments

- A. Payments: Retirement benefits shall be payable from the first day of the month following termination of services and submission of a retirement application and, subject to the limitation in the following subsection (C), the first payment shall be made on the last day of such month. Subsequent payments shall be made on the last day of the month for which each such payment is due. Services are deemed to be terminated on the last day for which compensation is paid. In cases where an applicant was over 65 at the time employment was concluded and has delayed submission of a retirement request, the benefit derived from the Prior Service Credits Fund will be retroactive to the first of the month following termination of a payroll status, provided that the retroactive period may not exceed six months.
- B. Death payments: If a retired member dies prior to the payment of the first monthly amount pursuant to the foregoing subsection (A), such payment shall not be made and the death benefits specified in A.R.S. § 38-759(A), shall be paid to his designated beneficiary or his estate. If a retired member or the person he designated under A.R.S. § 38-759(B)(3) dies subsequent to the payment of the first monthly amount pursuant to the foregoing subsection (A), the retirement benefit payment shall be made for the full month in which death occurs.
- C. Disability retirement: Application for disability shall be made by a member on forms supplied by the Board. The form for members of the State Employees Retirement System is shown here as Appendix A, whereas the form for participants in the Retirement Plan is shown as Appendix B.

State Retirement System Board

APPENDIX A

ARIZONA STATE RETIREMENT SYSTEM

1777 West Camelback Road
P. O. Box 33910
Phoenix, Arizona 85067

APPLICATION FOR DISABILITY RETIREMENT

I hereby make application for a disability retirement under the provisions of A.R.S. § 38-760, as set out on the reverse side of this application.¹

I have been a member of the Arizona State Retirement System for not less than five years; I have not attained the age of 60, my date of birth being _____.

My Social Security Number is _____.

My employer (is) (was) _____ and my employment (will terminate) (terminated) on _____.

I request that my application for a disability retirement become effective on _____. (This date cannot be sooner than the first day of the month following conclusion of your employment and approval of this application.)

The physicians who affirm that I am unable "to engage in any substantial gainful activity" are:

_____ name

_____ address

_____ name

_____ address

My beneficiary under the provisions of A.R.S. § 38-760 will be _____.

- (If the beneficiary is not your husband or wife,)
(then your husband or wife must sign below to)
(acknowledge your beneficiary designation.)
(_____)
(_____)

Signature of Applicant

Date

Street Address

City State Zip

¹The reverse side of Appendix A cites A.R.S. § 38-760 not herein reproduced.

APPENDIX B**ARIZONA STATE RETIREMENT SYSTEM**

1777 West Camelback Road
P. O. Box 33920
Phoenix, Arizona 85067

APPLICATION FOR DISABILITY RETIREMENT

I hereby make application for a disability retirement under the provisions of A.R.S. § 38-781.30, as set out on the reverse side of this application.¹

I have been a member of the Arizona State Retirement System for not less than five years; I have attained the age of 50 but have not yet attained age 62, my date of birth being _____.

My Social Security Number is: _____.

My employer (is) (was) _____ and my employment (will terminate) (terminated) on _____.

I request that my application for a disability retirement become effective on _____. (This date cannot be sooner than the first day of the month following conclusion of your employment and approval of this application.)

The physicians who affirm that I am unable "to engage in any substantial gainful activity" are:

_____ name

_____ address

_____ name

_____ address

My beneficiary under the provisions of A.R.S. § 38-781.30 will be _____.

(If the beneficiary is not your husband or wife,)

(then your husband or wife must sign below to)

(acknowledge your beneficiary designation.)

()

()

Signature of Applicant

Date

Street Address

City

State

Zip

¹The reverse side of Appendix B cites A.R.S. § 38-760 not herein reproduced.

Historical Note

Former Rule, Retirement System Regulation 5; Amended effective July 1, 1975 (Supp. 75-1). Amended effective June 23, 1976 (Supp. 76-3). Former Section R2-8-19 renumbered and amended as Section R2-8-119 effective May 21, 1982 (Supp. 82-3).

R2-8-120. Repealed**Historical Note**

Former Rule, Social Security Regulation 6; Amended effective June 19, 1975 (Supp. 75-1). Amended effective July 13, 1979 (Supp. 79-4). Former Section R2-8-20 renumbered and amended as Section R2-8-120 effective May 21, 1982 (Supp. 82-3). Repealed effective July 24, 1985 (Supp. 85-4).

R2-8-121. Hearings

A. Upon application made, within 90 days of mailing the Board's certification of prior service credit allowance, or receipt of a refund, retirement income, or death benefit payment, or for the purpose of determining any question involving any right, benefit, or obligation of a member, a member may request a hearing limited to the accuracy of the certification or payment, or determination of any question involving any right, benefit, or obligation of such member. Such hearing, if granted, shall be scheduled by the Board upon adequate written notice to the member and may be conducted by the Board or any member thereof. In the event the hearing is held before less than a majority of the Board, a transcript of the record of the hearing shall be made and shall be reviewed by the Board, together with the recommendation of the person conducting the hearing, before a decision is made. The hearing shall be conducted in an informal manner, and the evidentiary rules obtaining in a court of law shall not be adhered to. A decision of the Board adverse to a member may be appealed to the Superior Court of the state of Arizona in accordance with A.R.S. §§ 12-901 through 12-914, providing a hearing had been requested within the time specified.

B. Rehearing:

1. Except as provided in subsection (B)(7), any party in a contested case before the Board who is aggrieved by a decision rendered in such case may file with the Board, not later than ten days after service of the decision, a written motion for rehearing or review of the decision specifying the particular grounds therefor.
2. A motion for rehearing under this rule may be amended at any time before it is ruled upon by the Board. A response may be filed within ten days after service of such motion or amended motion by any other party or the Attorney General. The Board may require the filing of written briefs upon the issues raised in the motion and may provide for oral argument.
3. A rehearing of the decision may be granted for any of the following causes materially affecting the moving party's rights:
 - a. Irregularity in the proceedings before the Board or any order or abuse of discretion, whereby the moving party was deprived of a fair hearing;
 - b. Misconduct of the Board, its employees or its hearing officer or the prevailing party;
 - c. Accident or surprise which could not have been prevented by ordinary prudence;
 - d. Newly discovered material evidence which could not with reasonable diligence have been discovered and produced at the original hearing;
 - e. Excessive or insufficient penalties;
 - f. Error in the admission or rejection of evidence or other error of law occurring at the hearing;
 - g. That the decision is not justified by the evidence or is contrary to law.
4. The Board may affirm or modify the decision or grant a rehearing as to all or any of the parties and on all or part of the issues for any of the reasons set forth in subsection

(B)(3). An order granting a rehearing shall specify with particularity the ground or grounds on which the rehearing is granted, and the rehearing shall cover only those matters so specified.

5. The Board, within the time for filing a motion for rehearing under this rule, may on its own initiative order a rehearing or review of its decision for any reason for which it might have granted a rehearing on motion of a party. After giving the parties notice and an opportunity to be heard on the matter, the Board may grant a motion for rehearing, timely served, for a reason not stated in the motion. In either case, the order granting such a rehearing shall specify the ground therefor.
6. When a motion for rehearing is based upon affidavits, they shall be served with the motion. An opposing party or the Attorney General may within ten days after such service serve opposing affidavits.
7. If in a particular decision the Board makes specific findings that the immediate effectiveness of such decision is necessary for the immediate preservation of the public peace, health and safety and that a rehearing or review of the decision is impracticable, unnecessary or contrary to the public interest, the decision may be issued as a final decision without an opportunity for a rehearing or review. If a decision is issued as a final decision without an opportunity for rehearing, any application for judicial review of the decision shall be made within the time limits permitted for applications for judicial review of the Board's final decision.

Historical Note

Former Rule, Retirement System Regulation 7; Amended effective April 15, 1980 (Supp. 80-2). Former Section R2-8-21 renumbered as Section R2-8-121 without change effective May 21, 1982 (Supp. 82-3). Amended subsection (A) effective May 30, 1985 (Supp. 85-3).

R2-8-122. Remittance of contributions

- A.** Remittance of employee member contributions: Each state department and employer member of the Arizona State Retirement System, including, without limitation, any county, municipality or political subdivision, shall certify on each payroll the amount to be contributed by each one of their employee members of the Arizona State Retirement System and shall remit the amount of employee member contributions to the Arizona State Retirement System, together with such detailed report as may be required by the System to identify the individual owner of each such member contribution, not later than 14 calendar days after the last day of each payroll period. Payments of employee member contributions not received in the offices of the Arizona State Retirement System by the 14th calendar day after the last day of the applicable payroll period shall become delinquent after that date and shall be increased, by interest at the rate of eight percent per annum from and after the date of delinquency until payment is received by the Arizona State Retirement System.
- B.** Remittance of employer contributions: Each state department and employer member of the Arizona State Retirement System, including, without limitation, any county, municipality or political subdivision, shall remit the amount of employer contributions to the Arizona State Retirement System not later than 14 calendar days after the last day of each payroll period. Payments of employer contributions not received in the offices of the Arizona State Retirement System by the 14th calendar day after the last day of the applicable payroll period shall become delinquent after that date and shall be increased, by interest at the rate of eight percent per annum from and after

the date of delinquency until payment is received by the Arizona State Retirement System.

Historical Note

Former Rule, Retirement System Regulation 8; Amended effective Dec. 8, 1978 (Supp. 78-6). Former Section R2-8-22 renumbered as Section R2-8-122 without change effective May 21, 1982 (Supp. 82-3).

R2-8-123. Actuarial Assumptions and Actuarial Value of Assets

A. The following definitions apply to this Section unless otherwise specified:

1. "Actuarial assumption" means an estimate of an uncertain future event that affects pension liabilities.
2. "Board" means the same as in A.R.S. § 38-711.
3. "Credited service" means the same as in A.R.S. § 38-711.
4. "Deferred benefit" means the monthly annuity a member would receive upon reaching normal retirement date.
5. "Disabled member" means a member who is receiving long-term disability payments.
6. "Investment yield rate" means a percentage of return on an asset.
7. "Market value" means an estimated monetary worth of an asset, based on the current demand for the asset, and the amount of that type of asset that is available for sale.
8. "Member" means the same as in A.R.S. § 38-711.
9. "Non-disabled member" means a member who is not receiving long-term disability payments.
10. "Normal retirement date" means the same as in A.R.S. § 38-711.
11. "Present value" means the amount of money needed on a specified date, such as the date of termination, to fund a future payment or series of payments based on the actuarial assumptions approved by the Board.
12. "Select retirement rate" means a rate that is based on age and years of credited service.
13. "Ultimate retirement rate" means a rate that depends only on age, and not on years of credited service.

B. The Board adopts the following:

1. Actuarial Assumptions:
 - a. The interest and investment yield rate is 8% per annum, compounded annually.
 - b. Group long-term disability rates are based on Table 1 for male disability rates and Table 2 for female disability rates.
 - c. For the purpose of calculating liability amounts, normal cost rates, and contribution rates, non-disabled member mortality rates are based on Table 3A, the 1994 Group Annuity Mortality Static Table – Male and the 1994 Group Annuity Mortality Static Table – Female, projected to 2005 using projection scale AA. Disabled member mortality rates are based on Table 3B of this Section.
 - d. For the purpose of calculating actuarial equivalent benefits, the non-disabled mortality rates are based on Table 4, 1994 Group Annuity Mortality Static Table Projected to 2005 with Projection Scale AA Unisex 50% Male/ 50% Female.
 - e. Retirement age is based on select and ultimate retirement rates at age and years of credited service shown in Table 5 of this Section.
 - f. The salary scale is as follows:

Years of credited Service	Total Salary Increase
1	9.50%
2	8.50%
3	7.00%
4	6.30%
5	5.90%
6	5.75%
7	5.50%
8	5.30%
9	5.25%
10	5.00%
11-19	4.75%
20 +	4.50%

- g. Rates of withdrawal for male members as provided in Table 6 and for female members as provided in Table 7.
- h. Seventy-five percent of future retirees will be eligible to receive a post-retirement health insurance premium supplement. Of the 75%, 40% of the retirees will be eligible for single coverage and 60% of the retirees will be eligible for family coverage.
- i. A member who terminates employment with five or more years of credited service, but before eligibility for retirement, will choose to receive the contributions under A.R.S. § 38-740 if the value of the contributions exceeds the present value of the deferred benefit. If the value of the contributions does not exceed the present value of the defined benefit, the member will elect the member's deferred benefits. A member who terminates employment with less than five years of credited service will withdraw that member's contributions with interest. A member who is eligible for early retirement when the member terminates employment will elect to begin receiving benefits immediately.
- j. All members have beneficiaries of the opposite sex and the beneficiary of a male member is three years younger than the member and the beneficiary of a female member is three years older than the member.
- k. To reflect the excess cost of service purchases, the credited service expected to be earned by a member in the future is increased by 2.15%.
2. The actuarial value of assets is equal to the market value of assets minus a ten-year (five-year for fiscal years before fiscal year 2002) phase-in of the excess or shortfall of actual investment return over expected investment return.

Historical Note

Adopted effective July 1, 1975 (Supp. 75-1). Amended effective June 23, 1976 (Supp. 76-3). Amended effective December 20, 1977 (Supp. 77-6). Former Section R2-8-23 renumbered and amended as Section R2-8-123 effective May 21, 1982 (Supp. 82-3). Emergency amendments effective July 6, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Emergency amendments adopted again effective September 29, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Permanent amendments adopted effective

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December 22, 1993 (Supp. 93-4). Emergency amendments adopted effective January 30, 1997, pursuant to A.R.S. § 41-1026 for a maximum of 180 days (Supp. 97-1). Emergency expired. Permanent amendments adopted effective September 12, 1997 (Supp. 97-3). Amended by emergency rulemaking under A.R.S. § 41-1026 at 9 A.A.R. 1006, effective February 24, 2003 for a period of 180 days (Supp. 03-1).

Emergency rulemaking renewed at 9 A.A.R. 3963, effective August 21, 2003 for a period of 180 days (Supp. 03-3). Amended by final rulemaking at 9 A.A.R. 4614, effective December 6, 2003 (Supp. 03-4). Amended by emergency rulemaking under A.R.S. § 41-1026 at 10 A.A.R. 2496, effective August 2, 2004 for 180 days (Supp. 04-2).

Table 1. Graduated Tabular Rates of Disability - Active Male Members

Age	Rate of Disability	Age	Rate of Disability
19	0.000555	47	0.004272
20	0.000575	48	0.004421
21	0.000587	49	0.004535
22	0.000600	50	0.005128
23	0.000613	51	0.005818
24	0.000625	52	0.005958
25	0.000638	53	0.006410
26	0.000652	54	0.006848
27	0.000668	55	0.007715
28	0.000686	56	0.008608
29	0.000706	57	0.009496
30	0.000730	58	0.010363
31	0.000757	59	0.011201
32	0.000788	60	0.011992
33	0.000878	61	0.012720
34	0.000981	62	0.013368
35	0.001096	63	0.013944
36	0.001226	64	0.014427
37	0.001370	65	0.000100
38	0.001679	66	0.000100
39	0.001878	67	0.000100
40	0.002111	68	0.000100
41	0.002299	69	0.000100
42	0.002525	70	0.000100
43	0.002686	71	0.000100
44	0.002994	72	0.000100
45	0.003358	73	0.000100
46	0.003781	74	0.000100

Historical Note

Emergency adoption effective July 6, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Emergency rule adopted again effective September 29, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Permanent rule adopted effective December 22, 1993 (Supp. 93-4). Emergency

amendments to Table 1 adopted effective January 30, 1997, pursuant to A.R.S. § 41-1026 for a maximum of 180 days (Supp. 97-1). Emergency expired. Permanent amendments adopted effective September 12, 1997 (Supp. 97-3). Amended by emergency rulemaking under A.R.S. § 41-1026 at 10 A.A.R. 2496, effective August 2, 2004 for 180 days (Supp. 04-2).

Table 2. Graduated Tabular Rates of Disability - Active Female Member

Age	Rate of Disability	Age	Rate of Disability
19	0.000729	47	0.003749
20	0.000734	48	0.004057
21	0.000740	49	0.004442
22	0.000750	50	0.004865
23	0.000764	51	0.005326
24	0.000782	52	0.005680
25	0.000804	53	0.005966
26	0.000833	54	0.006492
27	0.000868	55	0.004022
28	0.000909	56	0.008038
29	0.000956	57	0.009081
30	0.001014	58	0.010126
31	0.001097	59	0.010564
32	0.001197	60	0.010913
33	0.001317	61	0.011157
34	0.001436	62	0.011905
35	0.001563	63	0.013532
36	0.001689	64	0.014532
37	0.001806	65	0.000100
38	0.001909	66	0.000100
39	0.002008	67	0.000100
40	0.002111	68	0.000100
41	0.002231	69	0.000100
42	0.002410	70	0.000100
43	0.002626	71	0.000100
44	0.002878	72	0.000100
45	0.003171	73	0.000100
46	0.003465	74	0.000100

Historical Note

Emergency adoption effective July 6, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Emergency rule adopted again effective September 29, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Permanent rule adopted effective December 22, 1993 (Supp. 93-4). Emergency amendments to Table 2 adopted effective January 30, 1997, pursuant to A.R.S. § 41-1026 for a maximum of 180 days (Supp. 97-1). Emergency expired. Permanent amendments adopted effective September 12, 1997 (Supp. 97-3). Amended by emergency rulemaking under A.R.S. § 41-1026 at 10 A.A.R. 2496, effective August 2, 2004 for 180 days (Supp. 04-2).

Table 3. Repealed**Historical Note**

Emergency adoption effective July 6, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Emergency rule adopted again effective September 29, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Permanent rule adopted effective December 22, 1993 (Supp. 93-4). Emergency amendments to Table 3 adopted effective January 30, 1997, pursuant to A.R.S. § 41-1026 for a maximum of 180 days (Supp. 97-1). Emergency expired. Permanent amendments adopted effective September 12, 1997 (Supp. 97-3). Table 3 repealed; new Table 3 renumbered from Table 4 by final rulemaking at 9 A.A.R. 4614, effective December 6, 2003 (Supp. 03-4). Table repealed by emergency rulemaking under A.R.S. § 41-1026 at 10 A.A.R. 2496, effective August 2, 2004 for 180 days (Supp. 04-2).

Table 3A. Non-disabled Member Mortality Rates, Based on the 1994 Group Annuity Mortality Static Table – Male and the 1994 Group Annuity Mortality Static Table – Female, Projected to 2005 Using Projection Scale AA

Age	Male	Female	Age	Male	Female
1	0.000474	0.000425	61	0.007610	0.004820
2	0.000320	0.000277	62	0.008593	0.005519
3	0.000266	0.000207	63	0.009823	0.006319
4	0.000207	0.000155	64	0.011081	0.007212
5	0.000190	0.000140	65	0.012447	0.008173
6	0.000182	0.000131	66	0.014062	0.009174
7	0.000174	0.000123	67	0.015616	0.010187
8	0.000161	0.000110	68	0.017006	0.011132
9	0.000155	0.000104	69	0.018607	0.012027
10	0.000158	0.000105	70	0.020095	0.012993
11	0.000167	0.000111	71	0.021976	0.013995
12	0.000181	0.000119	72	0.024119	0.015449
13	0.000204	0.000131	73	0.026422	0.016980
14	0.000241	0.000155	74	0.028836	0.018865
15	0.000279	0.000181	75	0.031865	0.020768
16	0.000317	0.000205	76	0.034988	0.023183
17	0.000348	0.000224	77	0.039115	0.026257
18	0.000372	0.000234	78	0.043967	0.029368
19	0.000392	0.000237	79	0.049462	0.032732
20	0.000411	0.000238	80	0.055535	0.036466
21	0.000434	0.000237	81	0.062120	0.040684
22	0.000460	0.000239	82	0.069145	0.045498
23	0.000499	0.000245	83	0.069145	0.050778
24	0.000540	0.000246	84	0.082949	0.056445
25	0.000592	0.000249	85	0.090009	0.063399
26	0.000651	0.000257	86	0.097925	0.071305
27	0.000688	0.000264	87	0.108262	0.080399
28	0.000714	0.000275	88	0.120168	0.089733
29	0.000737	0.000290	89	0.131971	0.101194
30	0.000758	0.000314	90	0.146335	0.112485
31	0.000777	0.000341	91	0.160046	0.124565
32	0.000794	0.000363	92	0.176355	0.137358
33	0.000803	0.000382	93	0.191942	0.152535
34	0.000803	0.000402	94	0.208688	0.166959

35	0.000805	0.000423	95	0.228518	0.182157
36	0.000816	0.000448	96	0.246032	0.198127
37	0.000843	0.000477	97	0.262960	0.217251
38	0.000879	0.000512	98	0.282155	0.235111
39	0.000925	0.000552	99	0.298000	0.253902
40	0.000981	0.000600	100	0.313766	0.273401
41	0.001047	0.000650	101	0.333461	0.296629
42	0.001121	0.000699	102	0.350330	0.317093
43	0.001197	0.000743	103	0.368542	0.338505
44	0.001277	0.000782	104	0.387855	0.361016
45	0.001366	0.000815	105	0.407224	0.383597
46	0.001475	0.000855	106	0.425599	0.405217
47	0.001608	0.000911	107	0.441935	0.424846
48	0.001760	0.000988	108	0.457553	0.444358
49	0.001926	0.001073	109	0.473150	0.464469
50	0.002112	0.001183	110	0.486745	0.482325
51	0.002326	0.001313	111	0.496356	0.495110
52	0.002573	0.001485	112	0.500000	0.500000
53	0.002870	0.001670	113	0.500000	0.500000
54	0.003186	0.001866	114	0.500000	0.500000
55	0.003583	0.002100	115	0.500000	0.500000
56	0.004053	0.002399	116	0.500000	0.500000
57	0.004622	0.002762	117	0.500000	0.500000
58	0.005276	0.003179	118	0.500000	0.500000
59	0.005937	0.003656	119	0.500000	0.500000
60	0.006679	0.004201	120	1.000000	1.000000

Historical Note

New Table made by emergency rulemaking under A.R.S. § 41-1026 at 10 A.A.R. 2496, effective August 2, 2004 for 180 days (Supp. 04-2).

Table 3B. Disabled Member Mortality Rates

Age	Male	Female	Age	Male	Female
20	0.034940	0.026939	66	0.030812	0.013420
21	0.034998	0.026186	67	0.030762	0.012992
22	0.035422	0.025860	68	0.030713	0.012679
23	0.036213	0.025961	69	0.030705	0.012475
24	0.037370	0.026489	70	0.033730	0.012993
25	0.038887	0.027444	71	0.037346	0.013995
26	0.040757	0.028825	72	0.040991	0.015449
27	0.042959	0.030625	73	0.044172	0.016980
28	0.045456	0.032828	74	0.046622	0.018865
29	0.048196	0.035404	75	0.048252	0.020768
30	0.051102	0.038302	76	0.049128	0.023183
31	0.054068	0.041446	77	0.049428	0.026257
32	0.056962	0.044730	78	0.049430	0.029368
33	0.059623	0.048017	79	0.049462	0.032732
34	0.061878	0.051142	80	0.055535	0.036466
35	0.063544	0.053927	81	0.062120	0.040684
36	0.064453	0.056205	82	0.069145	0.045498
37	0.064463	0.057813	83	0.075533	0.050778
38	0.063494	0.058568	84	0.082949	0.056445
39	0.061570	0.058321	85	0.090009	0.063399

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40	0.058807	0.056984	86	0.097925	0.071305
41	0.055393	0.054527	87	0.108262	0.080399
42	0.051608	0.051021	88	0.120168	0.089773
43	0.047765	0.046739	89	0.131971	0.101194
44	0.044133	0.042108	90	0.146335	0.112485
45	0.040921	0.037586	91	0.160046	0.124565
46	0.038351	0.033599	92	0.176355	0.137358
47	0.036578	0.030394	93	0.191942	0.152535
48	0.035582	0.028068	94	0.208688	0.166959
49	0.035090	0.026561	95	0.228518	0.182157
50	0.034742	0.025696	96	0.246032	0.198127
51	0.034139	0.025218	97	0.262960	0.217251
52	0.033041	0.024854	98	0.282155	0.235111
53	0.031481	0.024365	99	0.298000	0.253902
54	0.031410	0.023664	100	0.313766	0.273401
55	0.031356	0.022836	101	0.333461	0.296629
56	0.031307	0.022017	102	0.350330	0.317093
57	0.031257	0.021184	103	0.368542	0.338505
58	0.031208	0.020211	104	0.387855	0.361016
59	0.031158	0.019128	105	0.407224	0.383597
60	0.031109	0.018029	106	0.425599	0.405217
61	0.031059	0.016991	107	0.441935	0.424846
62	0.031010	0.016024	108	0.457553	0.444358
63	0.030960	0.015198	109	0.473150	0.464469
64	0.030911	0.014519	110	0.499950	0.499950
65	0.030861	0.013934	111	1.000000	1.000000

Historical Note

New Table made by emergency rulemaking under A.R.S. § 41-1026 at 10 A.A.R. 2496, effective August 2, 2004 for 180 days (Supp. 04-2).

Table 4. 1994 Group Annuity Mortality Static Table Projected to 2005 with Scale AA Unisex 50% Male/ 50% Female

Age	Probability of Death	Age	Probability of Death	Age	Probability of Death
1	0.000450	41	0.000849	81	0.051402
2	0.000299	42	0.000910	82	0.057321
3	0.000236	43	0.000970	83	0.063155
4	0.000181	44	0.001029	84	0.069697
5	0.000165	45	0.001091	85	0.076704
6	0.000156	46	0.001165	86	0.084615
7	0.000148	47	0.001259	87	0.094330
8	0.000135	48	0.001374	88	0.104971
9	0.000130	49	0.001499	89	0.116582
10	0.000131	50	0.001647	90	0.129410
11	0.000139	51	0.001819	91	0.142306
12	0.000150	52	0.002029	92	0.156856
13	0.000168	53	0.002270	93	0.172239
14	0.000198	54	0.002526	94	0.187824
15	0.000230	55	0.002842	95	0.205337
16	0.000261	56	0.003226	96	0.222079
17	0.000286	57	0.003692	97	0.240105
18	0.000303	58	0.004227	98	0.258633

19	0.000315	59	0.004797	99	0.275951
20	0.000324	60	0.005440	100	0.293584
21	0.000335	61	0.006215	101	0.315045
22	0.000350	62	0.007056	102	0.333712
23	0.000372	63	0.008071	103	0.353524
24	0.000393	64	0.009147	104	0.374436
25	0.000421	65	0.010310	105	0.395411
26	0.000454	66	0.011618	106	0.415408
27	0.000476	67	0.012902	107	0.433391
28	0.000494	68	0.014069	108	0.450956
29	0.000514	69	0.015317	109	0.468810
30	0.000536	70	0.016544	110	0.484535
31	0.000559	71	0.017986	111	0.495733
32	0.000579	72	0.019784	112	0.500000
33	0.000592	73	0.021701	113	0.500000
34	0.000603	74	0.023851	114	0.500000
35	0.000614	75	0.026316	115	0.500000
36	0.000632	76	0.029086	116	0.500000
37	0.000660	77	0.032686	117	0.500000
38	0.000696	78	0.036667	118	0.500000
39	0.000738	79	0.041097	119	0.500000
40	0.000791	80	0.046001	120	1.000000

Historical Note

Emergency adoption effective July 6, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Emergency rule adopted again effective September 29, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Permanent rule adopted effective December 22, 1993 (Supp. 93-4). Table 4 renumbered as Table 3 by final rulemaking at 9 A.A.R. 4614, effective December 6, 2003 (Supp. 03-4). New Table made by emergency rulemaking under A.R.S. § 41-1026 at 10 A.A.R. 2496, effective August 2, 2004 for 180 days (Supp. 04-2).

Table 4A. Repealed**Historical Note**

New Table made by final rulemaking at 9 A.A.R. 4614, effective December 6, 2003 (Supp. 03-4). Table repealed by emergency rulemaking under A.R.S. § 41-1026 at 10 A.A.R. 2496, effective August 2, 2004 for 180 days (Supp. 04-2).

Table 4B. Repealed**Historical Note**

New Table made by final rulemaking at 9 A.A.R. 4614, effective December 6, 2003 (Supp. 03-4). Table repealed by emergency rulemaking under A.R.S. § 41-1026 at 10 A.A.R. 2496, effective August 2, 2004 for 180 days (Supp. 04-2).

Table 4C. Repealed**Historical Note**

New Table made by final rulemaking at 9 A.A.R. 4614, effective December 6, 2003 (Supp. 03-4). Table repealed by emergency rulemaking under A.R.S. § 41-1026 at 10 A.A.R. 2496, effective August 2, 2004 for 180 days (Supp. 04-2).

Table 5. Select and Ultimate Retirement Rates at Age and Years of Credited Service for Male and Female Members

Age	0 – 4	5 - 9	10 - 14	15 – 19	20 - 24	25	26 - 29	30	31+
50	0.0000	0.0200	0.0300	0.0350	0.0400	0.0700	0.0625	0.1750	0.1250
51	0.0000	0.0200	0.0300	0.0350	0.0400	0.0700	0.0800	0.1750	0.1250
52	0.0000	0.0200	0.0300	0.0350	0.0400	0.0700	0.1000	0.1750	0.1250
53	0.0000	0.0200	0.0300	0.0350	0.0400	0.0700	0.1100	0.1750	0.1250
54	0.0000	0.0200	0.0300	0.0350	0.0400	0.0700	0.1200	0.1750	0.1250
55	0.0000	0.0200	0.0300	0.0350	0.0600	0.1625	0.1300	0.1750	0.1250
56	0.0000	0.0200	0.0350	0.0350	0.0800	0.1100	0.1500	0.2000	0.1500
57	0.0000	0.0200	0.0400	0.0400	0.1250	0.1550	0.1700	0.2250	0.1750
58	0.0000	0.0200	0.0500	0.0500	0.1625	0.1925	0.1850	0.2625	0.2125
59	0.0000	0.0300	0.0600	0.0700	0.2000	0.2300	0.2000	0.3000	0.2500
60	0.0000	0.0400	0.0700	0.0900	0.2375	0.2675	0.2000	0.3500	0.3000
61	0.0000	0.0500	0.1000	0.1500	0.3500	0.3800	0.2500	0.3500	0.3000
62	0.0000	0.0500	0.3000	0.3400	0.4000	0.4300	0.4000	0.5500	0.5000
63	0.0000	0.0600	0.3000	0.3500	0.4000	0.4300	0.3000	0.3500	0.3000
64	0.0000	0.0700	0.3000	0.4000	0.4000	0.4300	0.3000	0.3500	0.3000
65	0.0300	0.1000	0.3000	0.3000	0.3000	0.3300	0.3000	0.3500	0.3000
66	0.0300	0.1000	0.3000	0.3000	0.3000	0.3300	0.3000	0.3500	0.3000

Historical Note

Emergency adoption effective July 6, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Emergency rule adopted again effective September 29, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Permanent rule adopted effective December 22, 1993 (Supp. 93-4). Table 5 repealed, new Table 5 adopted by emergency action effective January 30, 1997, pursuant to A.R.S. § 41-1026 for a maximum of 180 days (Supp. 97-1). Emergency expired. Table 5 repealed, new Table 5 adopted by regular rulemaking action effective September 12, 1997 (Supp. 97-3). Table 5 repealed; new Table 5 renumbered from Table 6 and amended by final rulemaking at 9 A.A.R. 4614, effective December 6, 2003 (Supp. 03-4). Table repealed; new Table made by emergency rulemaking under A.R.S. § 41-1026 at 10 A.A.R. 2496, effective August 2, 2004 for 180 days (Supp. 04-2).

Table 6. Rates of Withdrawal – Male Members

Age	Years of Credited Service										
	0	1	2	3	4	5	6	7	8	9	10+
15	0.3888	0.3797	0.3087	0.2632	0.1580	0.1413	0.0931	0.0860	0.0735	0.0794	0.1365
16	0.3888	0.3797	0.3087	0.2632	0.1580	0.1413	0.0931	0.0860	0.0735	0.0794	0.1365
17	0.3888	0.3797	0.3087	0.2632	0.1580	0.1413	0.0931	0.0860	0.0735	0.0794	0.1365
18	0.3888	0.3797	0.3087	0.2632	0.1580	0.1413	0.0931	0.0860	0.0735	0.0794	0.1365
19	0.3809	0.3719	0.2991	0.2588	0.1544	0.1389	0.0920	0.0851	0.0723	0.0778	0.1321
20	0.3731	0.3642	0.2895	0.2545	0.1508	0.1364	0.0910	0.0843	0.0711	0.0763	0.1277
21	0.3573	0.3487	0.2703	0.2458	0.1436	0.1316	0.0889	0.0825	0.0688	0.0733	0.1189
22	0.3412	0.3324	0.2531	0.2365	0.1367	0.1268	0.0868	0.0808	0.0665	0.0704	0.1104
23	0.3250	0.3154	0.2376	0.2265	0.1300	0.1222	0.0848	0.0791	0.0643	0.0676	0.1024
24	0.3088	0.2981	0.2237	0.2162	0.1237	0.1178	0.0828	0.0775	0.0622	0.0649	0.0947
25	0.2930	0.2809	0.2111	0.2057	0.1177	0.1135	0.0808	0.0759	0.0602	0.0624	0.0874
26	0.2776	0.2638	0.1999	0.1949	0.1119	0.1094	0.0789	0.0743	0.0582	0.0599	0.0804

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27	0.2628	0.2471	0.1897	0.1842	0.1064	0.1054	0.0770	0.0728	0.0564	0.0576	0.0739
28	0.2491	0.2315	0.1802	0.1738	0.1012	0.1015	0.0751	0.0712	0.0547	0.0554	0.0677
29	0.2369	0.2175	0.1708	0.1639	0.0963	0.0978	0.0733	0.0697	0.0530	0.0533	0.0619
30	0.2267	0.2055	0.1612	0.1547	0.0917	0.0943	0.0714	0.0682	0.0514	0.0514	0.0565
31	0.2187	0.1960	0.1509	0.1465	0.0874	0.0909	0.0696	0.0668	0.0499	0.0495	0.0514
32	0.2128	0.1887	0.1403	0.1392	0.0834	0.0876	0.0679	0.0653	0.0485	0.0478	0.0467
33	0.2083	0.1832	0.1301	0.1326	0.0796	0.0845	0.0661	0.0639	0.0472	0.0462	0.0424
34	0.2050	0.1792	0.1210	0.1267	0.0762	0.0815	0.0645	0.0625	0.0460	0.0447	0.0385
35	0.2021	0.1760	0.1137	0.1214	0.0729	0.0787	0.0628	0.0611	0.0448	0.0434	0.0349
36	0.1996	0.1736	0.1087	0.1165	0.0699	0.0760	0.0612	0.0597	0.0438	0.0421	0.0318
37	0.1974	0.1719	0.1055	0.1121	0.0672	0.0734	0.0596	0.0584	0.0427	0.0410	0.0290
38	0.1956	0.1708	0.1036	0.1082	0.0646	0.0710	0.0581	0.0571	0.0418	0.0400	0.0266
39	0.1942	0.1702	0.1023	0.1047	0.0623	0.0687	0.0566	0.0558	0.0409	0.0391	0.0245
40	0.1931	0.1698	0.1011	0.1015	0.0601	0.0665	0.0551	0.0546	0.0400	0.0383	0.0227
41	0.1924	0.1695	0.0996	0.0985	0.0580	0.0644	0.0535	0.0534	0.0392	0.0376	0.0213
42	0.1919	0.1693	0.0982	0.0958	0.0562	0.0624	0.0519	0.0523	0.0383	0.0369	0.0201
43	0.1915	0.1691	0.0967	0.0934	0.0544	0.0605	0.0504	0.0511	0.0375	0.0362	0.0192
44	0.1912	0.1690	0.0954	0.0912	0.0529	0.0588	0.0491	0.0496	0.0368	0.0356	0.0185
45	0.1909	0.1692	0.0944	0.0893	0.0515	0.0572	0.0482	0.0477	0.0363	0.0350	0.0179
46	0.1907	0.1698	0.0937	0.0878	0.0503	0.0559	0.0479	0.0453	0.0359	0.0345	0.0174
47	0.1905	0.1705	0.0932	0.0866	0.0492	0.0549	0.0479	0.0424	0.0358	0.0341	0.0169
48	0.1903	0.1710	0.0927	0.0853	0.0482	0.0537	0.0480	0.0396	0.0356	0.0335	0.0165
49	0.1899	0.1707	0.0918	0.0839	0.0471	0.0522	0.0476	0.0370	0.0352	0.0328	0.0161
50	0.1892	0.1692	0.0904	0.0820	0.0458	0.0502	0.0466	0.0351	0.0345	0.0319	0.0155
51	0.1881	0.1660	0.0882	0.0795	0.0441	0.0475	0.0446	0.0340	0.0332	0.0306	0.0147
52	0.1867	0.1618	0.0854	0.0766	0.0422	0.0443	0.0418	0.0336	0.0316	0.0291	0.0138
53	0.1859	0.1576	0.0829	0.0739	0.0405	0.0410	0.0389	0.0336	0.0299	0.0276	0.0128
54	0.1863	0.1547	0.0811	0.0719	0.0392	0.0381	0.0361	0.0339	0.0284	0.0263	0.0120
55	0.1887	0.1543	0.0807	0.0713	0.0386	0.0361	0.0341	0.0340	0.0272	0.0252	0.0113
56	0.1935	0.1572	0.0821	0.0724	0.0392	0.0352	0.0331	0.0340	0.0266	0.0247	0.0109
57	0.2003	0.1625	0.0850	0.0749	0.0406	0.0352	0.0328	0.0339	0.0263	0.0245	0.0107
58	0.2080	0.1693	0.0887	0.0781	0.0422	0.0358	0.0330	0.0337	0.0263	0.0245	0.0107
59	0.2155	0.1763	0.0927	0.0817	0.0437	0.0365	0.0335	0.0335	0.0263	0.0246	0.0107
60	0.2219	0.1824	0.0963	0.0848	0.0445	0.0371	0.0339	0.0333	0.0261	0.0246	0.0108
61	0.2266	0.1869	0.0993	0.0874	0.0442	0.0373	0.0342	0.0331	0.0258	0.0243	0.0109
62	0.2301	0.1905	0.1018	0.0895	0.0433	0.0373	0.0345	0.0330	0.0253	0.0240	0.0110
63	0.2328	0.1937	0.1043	0.0917	0.0423	0.0374	0.0348	0.0328	0.0248	0.0235	0.0113
64	0.2355	0.1969	0.1069	0.0942	0.0418	0.0380	0.0350	0.0326	0.0242	0.0230	0.0117
65	0.2386	0.2008	0.1101	0.0975	0.0426	0.0393	0.0353	0.0324	0.0237	0.0226	0.0123
66	0.2424	0.2056	0.1139	0.1017	0.0449	0.0415	0.0357	0.0322	0.0233	0.0221	0.0132
67	0.2467	0.2109	0.1182	0.1066	0.0484	0.0445	0.0360	0.0320	0.0230	0.0217	0.0143
68	0.2512	0.2166	0.1227	0.1120	0.0527	0.0479	0.0363	0.0318	0.0227	0.0213	0.0155
69	0.2558	0.2225	0.1274	0.1175	0.0572	0.0514	0.0366	0.0315	0.0223	0.0208	0.0167
70	0.2604	0.2282	0.1320	0.1229	0.0616	0.0549	0.0369	0.0313	0.0220	0.0204	0.0180

71	0.2626	0.2311	0.1342	0.1257	0.0638	0.0567	0.0371	0.0312	0.0219	0.0202	0.0186
72	0.2649	0.2340	0.1365	0.1284	0.0661	0.0584	0.0373	0.0311	0.0217	0.0200	0.0192
73	0.2672	0.2369	0.1388	0.1311	0.0684	0.0601	0.0375	0.0310	0.0215	0.0198	0.0198
74	0.2672	0.2369	0.1388	0.1311	0.0684	0.0601	0.0375	0.0310	0.0215	0.0198	0.0198

Historical Note

Emergency adoption effective July 6, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Emergency rule adopted again effective September 29, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Permanent rule adopted effective December 22, 1993 (Supp. 93-4). Table repealed, new Table adopted effective September 12, 1997 (Supp. 97-3). Former Table 6 renumbered to Table 5; new Table 6 renumbered from Table 7 and amended by final rulemaking at 9 A.A.R. 4614, effective December 6, 2003 (Supp. 03-4). Table repealed; new Table made by emergency rulemaking under A.R.S. § 41-1026 at 10 A.A.R. 2496, effective August 2, 2004 for 180 days (Supp. 04-2).

Table 7. Rates of Withdrawal – Female Members

Age	Years of Credited Service										
	0	1	2	3	4	5	6	7	8	9	10+
15	0.3324	0.3249	0.2787	0.2761	0.2244	0.2216	0.1785	0.1486	0.1457	0.1356	0.2326
16	0.3324	0.3249	0.2787	0.2761	0.2244	0.2216	0.1785	0.1486	0.1457	0.1356	0.2326
17	0.3324	0.3249	0.2787	0.2761	0.2244	0.2216	0.1785	0.1486	0.1457	0.1356	0.2326
18	0.3324	0.3249	0.2787	0.2761	0.2244	0.2216	0.1785	0.1486	0.1457	0.1356	0.2326
19	0.3220	0.3151	0.2714	0.2678	0.2172	0.2146	0.1733	0.1445	0.1419	0.1320	0.2237
20	0.3116	0.3053	0.2640	0.2596	0.2101	0.2077	0.1680	0.1405	0.1380	0.1285	0.2148
21	0.2908	0.2858	0.2492	0.2432	0.1958	0.1937	0.1575	0.1323	0.1303	0.1215	0.1970
22	0.2726	0.2686	0.2358	0.2281	0.1826	0.1808	0.1479	0.1248	0.1231	0.1150	0.1804
23	0.2569	0.2536	0.2237	0.2143	0.1705	0.1690	0.1389	0.1179	0.1165	0.1089	0.1648
24	0.2434	0.2405	0.2127	0.2017	0.1593	0.1580	0.1307	0.1114	0.1104	0.1033	0.1503
25	0.2321	0.2293	0.2027	0.1902	0.1491	0.1480	0.1231	0.1055	0.1047	0.0980	0.1368
26	0.2227	0.2197	0.1937	0.1796	0.1397	0.1388	0.1161	0.1000	0.0994	0.0931	0.1242
27	0.2149	0.2116	0.1856	0.1700	0.1311	0.1304	0.1097	0.0949	0.0945	0.0886	0.1126
28	0.2088	0.2048	0.1782	0.1612	0.1233	0.1226	0.1037	0.0901	0.0898	0.0842	0.1017
29	0.2044	0.1989	0.1714	0.1531	0.1161	0.1155	0.0982	0.0856	0.0854	0.0801	0.0916
30	0.2015	0.1937	0.1652	0.1456	0.1094	0.1089	0.0930	0.0813	0.0811	0.0760	0.0821
31	0.2003	0.1892	0.1593	0.1385	0.1032	0.1027	0.0880	0.0772	0.0770	0.0721	0.0731
32	0.2003	0.1851	0.1539	0.1320	0.0974	0.0969	0.0833	0.0732	0.0730	0.0682	0.0647
33	0.2007	0.1815	0.1487	0.1258	0.0921	0.0916	0.0789	0.0694	0.0691	0.0645	0.0569
34	0.2003	0.1785	0.1438	0.1201	0.0873	0.0867	0.0748	0.0658	0.0653	0.0608	0.0498
35	0.1984	0.1762	0.1390	0.1147	0.0829	0.0823	0.0710	0.0624	0.0617	0.0573	0.0436
36	0.1943	0.1745	0.1344	0.1097	0.0789	0.0783	0.0675	0.0591	0.0582	0.0539	0.0382
37	0.1885	0.1732	0.1298	0.1050	0.0753	0.0747	0.0643	0.0561	0.0549	0.0506	0.0335
38	0.1821	0.1722	0.1255	0.1006	0.0721	0.0714	0.0613	0.0532	0.0518	0.0475	0.0296
39	0.1762	0.1709	0.1213	0.0966	0.0692	0.0686	0.0587	0.0506	0.0488	0.0445	0.0264
40	0.1720	0.1693	0.1174	0.0930	0.0666	0.0661	0.0563	0.0482	0.0461	0.0417	0.0239
41	0.1701	0.1671	0.1138	0.0897	0.0644	0.0639	0.0543	0.0461	0.0437	0.0391	0.0220
42	0.1699	0.1644	0.1105	0.0868	0.0625	0.0620	0.0524	0.0441	0.0414	0.0367	0.0208
43	0.1707	0.1614	0.1074	0.0842	0.0608	0.0603	0.0508	0.0424	0.0393	0.0345	0.0199
44	0.1718	0.1584	0.1046	0.0818	0.0593	0.0589	0.0494	0.0408	0.0374	0.0324	0.0194
45	0.1725	0.1557	0.1020	0.0797	0.0579	0.0575	0.0480	0.0394	0.0356	0.0305	0.0189
46	0.1726	0.1532	0.0996	0.0778	0.0567	0.0563	0.0468	0.0380	0.0340	0.0287	0.0185

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47	0.1723	0.1510	0.0975	0.0761	0.0556	0.0552	0.0456	0.0367	0.0325	0.0270	0.0181
48	0.1717	0.1490	0.0957	0.0746	0.0546	0.0541	0.0445	0.0356	0.0311	0.0254	0.0177
49	0.1708	0.1472	0.0941	0.0733	0.0536	0.0531	0.0435	0.0345	0.0298	0.0240	0.0173
50	0.1698	0.1457	0.0927	0.0722	0.0528	0.0522	0.0426	0.0335	0.0287	0.0227	0.0167
51	0.1684	0.1443	0.0917	0.0713	0.0521	0.0513	0.0417	0.0326	0.0277	0.0216	0.0160
52	0.1669	0.1431	0.0909	0.0707	0.0515	0.0505	0.0408	0.0317	0.0268	0.0206	0.0152
53	0.1656	0.1422	0.0904	0.0702	0.0510	0.0497	0.0399	0.0309	0.0260	0.0197	0.0143
54	0.1650	0.1416	0.0901	0.0700	0.0505	0.0490	0.0391	0.0302	0.0253	0.0191	0.0134
55	0.1655	0.1412	0.0901	0.0700	0.0503	0.0484	0.0384	0.0296	0.0248	0.0186	0.0125
56	0.1674	0.1410	0.0903	0.0702	0.0501	0.0478	0.0377	0.0290	0.0243	0.0183	0.0116
57	0.1704	0.1412	0.0908	0.0706	0.0501	0.0474	0.0371	0.0286	0.0240	0.0182	0.0107
58	0.1739	0.1416	0.0916	0.0712	0.0502	0.0470	0.0366	0.0281	0.0237	0.0182	0.0100
59	0.1775	0.1422	0.0926	0.0720	0.0504	0.0468	0.0361	0.0278	0.0236	0.0185	0.0093
60	0.1805	0.1432	0.0939	0.0731	0.0508	0.0466	0.0357	0.0275	0.0237	0.0190	0.0088
61	0.1827	0.1443	0.0954	0.0743	0.0513	0.0465	0.0354	0.0273	0.0238	0.0197	0.0085
62	0.1842	0.1457	0.0971	0.0758	0.0519	0.0465	0.0352	0.0272	0.0241	0.0206	0.0083
63	0.1854	0.1473	0.0990	0.0775	0.0527	0.0467	0.0350	0.0272	0.0245	0.0217	0.0084
64	0.1863	0.1493	0.1013	0.0794	0.0536	0.0469	0.0349	0.0272	0.0250	0.0231	0.0087
65	0.1872	0.1516	0.1039	0.0816	0.0547	0.0473	0.0349	0.0274	0.0257	0.0247	0.0092
66	0.1881	0.1542	0.1067	0.0841	0.0560	0.0479	0.0351	0.0276	0.0266	0.0266	0.0100
67	0.1890	0.1571	0.1099	0.0868	0.0575	0.0485	0.0353	0.0280	0.0277	0.0288	0.0109
68	0.1899	0.1603	0.1132	0.0897	0.0590	0.0493	0.0357	0.0284	0.0288	0.0311	0.0121
69	0.1907	0.1634	0.1165	0.0926	0.0606	0.0500	0.0360	0.0289	0.0299	0.0335	0.0132
70	0.1916	0.1666	0.1199	0.0955	0.0622	0.0508	0.0363	0.0293	0.0311	0.0358	0.0144
71	0.1920	0.1682	0.1215	0.0969	0.0630	0.0512	0.0365	0.0295	0.0317	0.0370	0.0150
72	0.1924	0.1698	0.1232	0.0984	0.0638	0.0516	0.0367	0.0298	0.0322	0.0382	0.0156
73	0.1714	0.1698	0.1249	0.0999	0.0646	0.0520	0.0369	0.0301	0.0327	0.0394	0.0162
74	0.1714	0.1698	0.1249	0.0999	0.0646	0.0520	0.0369	0.0301	0.0327	0.0394	0.0162

Historical Note

Emergency adoption effective July 6, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Emergency rule adopted again effective September 29, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Permanent rule adopted effective December 22, 1993 (Supp. 93-4). Table repealed, new Table adopted effective September 12, 1997 (Supp. 97-3).

Renumbered to Table 6 by final rulemaking at 9 A.A.R. 4614, effective December 6, 2003 (Supp. 03-4). New Table made by emergency rulemaking under A.R.S. § 41-1026 at 10 A.A.R. 2496, effective August 2, 2004 for 180 days (Supp. 04-2).

R2-8-124. Repealed**Historical Note**

Adopted as an emergency effective August 25, 1975 (Supp. 75-1). Former Section R2-8-24 renumbered as Section R2-8-124 without change effective May 21, 1982 (Supp. 82-3). Section repealed by final rulemaking at 10 A.A.R. 669, effective February 3, 2004 (Supp. 04-1).

R2-8-125. Repealed**Historical Note**

Adopted as an emergency effective July 30, 1975 (Supp. 75-1). Former Section R2-8-25 renumbered as Section R2-8-125 without change effective May 21, 1982 (Supp. 82-3). Section repealed by final rulemaking at 10 A.A.R. 669, effective February 3, 2004 (Supp. 04-1).

R2-8-126. Calculating benefits

- A.** A person who is 103 years of age or older at the time of retirement that selects a life annuity is not eligible to select the option of income for five years certain and for life thereafter.
- B.** A person who is 91 years of age or older at the time of retirement that selects a life annuity is not eligible to select the option of income for ten years certain and for life thereafter.
- C.** A person who is 84 years of age or older at the time of retirement that selects a life annuity is not eligible to select the option of income for 15 years certain and for life thereafter.
- D.** If the life annuity of any Plan member is in an amount less than \$20 per month, such annuity shall not be paid, but a lump sum payment shall be paid in the amount determined by using the appropriate actuarial assumptions in R2-8-123.
- E.** When calculating a member's or beneficiary's benefits, the calculations shall be based on the attained age of the member or beneficiary, determined in years and full months, as of the effective date of the benefit payment.

- F. Any prior service benefit which is payable to a member shall be added to the life annuity of the member before the application of any optional payment plan calculation.
- G. A member who is ten or more years older than a non-spousal contingent annuitant is not eligible to participate in a 100% joint-and-survivor option. A member who is 24 or more years older than a non-spousal contingent annuitant is not eligible to participate in a 66 2/3% joint-and-survivor option.

Historical Note

Adopted effective September 12, 1977 (Supp. 77-5). Amended effective July 13, 1979 (Supp. 79-4). Former Section R2-8-26 renumbered and amended as Section R2-8-126 effective May 21, 1982 (Supp. 82-3). Amended subsections (A) through (D) effective October 18, 1984 (Supp. 84-5). Amended subsections (A) through (D) effective July 24, 1985 (Supp. 85-4). Amended by emergency effective July 6, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Emergency amendments adopted again effective September 29, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Permanent rule adopted effective December 22, 1993 (Supp. 93-4). Amended by emergency rulemaking at 7 A.A.R. 1621, effective March 21, 2001 (Supp. 01-1). Amended by emergency rulemaking under A.R.S. § 41-1026 at 10 A.A.R. 2496, effective August 2, 2004 for 180 days (Supp. 04-2).

Table 1. Repealed**Historical Note**

Adopted effective September 12, 1977 (Supp. 77-5). Table 1 repealed, new Table 1 adopted effective July 24, 1985 (Supp. 85-4). Repealed by emergency effective July 6, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Repealed again by emergency effective September 29, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Repealed effective December 22, 1993 (Supp. 93-4).

Table 2. Repealed**Historical Note**

Adopted effective September 12, 1977 (Supp. 77-5). Table 2 repealed, new Table 2 adopted effective July 24, 1985 (Supp. 85-4). Repealed by emergency effective July 6, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Repealed again by emergency effective September 29, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Repealed effective December 22, 1993 (Supp. 93-4).

Table 3. Repealed**Historical Note**

Adopted effective September 12, 1977 (Supp. 77-5). Table 3 repealed, new Table 3 adopted effective July 24, 1985 (Supp. 85-4). Repealed by emergency effective July 6, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Repealed again by emergency effective September 29, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Repealed effective December 22, 1993 (Supp. 93-4).

Table 4. Repealed**Historical Note**

Adopted effective September 12, 1977 (Supp. 77-5). Table 4 repealed, new Table 4 adopted effective July 24, 1985 (Supp. 85-4). Repealed by emergency effective July 6, 1993, pursuant to A.R.S. § 41-1026, valid for only 90

days (Supp. 93-3). Repealed again by emergency effective September 29, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Repealed effective December 22, 1993 (Supp. 93-4).

Table 5. Repealed**Historical Note**

Adopted effective September 12, 1977 (Supp. 77-5). Table 5 repealed, new Table 5 adopted effective July 24, 1985 (Supp. 85-4). Repealed by emergency effective July 6, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Repealed again by emergency effective September 29, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Repealed effective December 22, 1993 (Supp. 93-4).

Table 6. Repealed**Historical Note**

Adopted effective September 12, 1977 (Supp. 77-5). Table 6 repealed, new Table 6 adopted effective July 24, 1985 (Supp. 85-4). Repealed by emergency effective July 6, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Repealed again by emergency effective September 29, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Repealed effective December 22, 1993 (Supp. 93-4).

Table 7. Repealed**Historical Note**

Adopted effective September 12, 1977 (Supp. 77-5). Table 7 repealed, new Table 7 adopted effective July 24, 1985 (Supp. 85-4). Repealed by emergency effective July 6, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Repealed again by emergency effective September 29, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Repealed effective December 22, 1993 (Supp. 93-4).

Table 8. Repealed**Historical Note**

Adopted effective September 12, 1977 (Supp. 77-5). Table 8 repealed, new Table 8 adopted effective July 24, 1985 (Supp. 85-4). Repealed by emergency effective July 6, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Repealed again by emergency effective September 29, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Repealed effective December 22, 1993 (Supp. 93-4).

Table 9. Repealed**Historical Note**

Adopted effective September 12, 1977 (Supp. 77-5). Table 9 repealed, new Table 9 adopted effective July 24, 1985 (Supp. 85-4). Repealed by emergency effective July 6, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Repealed again by emergency effective September 29, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Repealed effective December 22, 1993 (Supp. 93-4).

Table 10. Repealed**Historical Note**

Adopted effective October 18, 1984 (Supp. 84-5). Table 10 repealed, new Table 10 adopted effective July 24, 1985 (Supp. 85-4). Repealed by emergency effective July 6, 1993, pursuant to A.R.S. § 41-1026, valid for only 90

Exhibit C. Repealed

Historical Note

Adopted by emergency effective July 6, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Emergency rule adopted again effective September 29, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Permanent rule adopted effective December 22, 1993 (Supp. 93-4). Repealed by emergency rulemaking under A.R.S. § 41-1026 at 10 A.A.R. 2496, effective August 2, 2004 for 180 days (Supp. 04-2).

Exhibit D, Table 1. Repealed

Historical Note

Adopted by emergency effective July 6, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Emergency rule adopted again effective September 29, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Permanent rule adopted effective December 22, 1993 (Supp. 93-4). Repealed by emergency rulemaking under A.R.S. § 41-1026 at 10 A.A.R. 2496, effective August 2, 2004 for 180 days (Supp. 04-2).

Exhibit D, Table 2. Repealed

Historical Note

Adopted by emergency effective July 6, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Emergency rule adopted again effective September 29, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Permanent rule adopted effective December 22, 1993 (Supp. 93-4). Repealed by emergency rulemaking under A.R.S. § 41-1026 at 10 A.A.R. 2496, effective August 2, 2004 for 180 days (Supp. 04-2).

Exhibit D, Table 3. Repealed

Historical Note

Adopted by emergency effective July 6, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Emergency rule adopted again effective September 29, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Permanent rule adopted effective December 22, 1993 (Supp. 93-4). Repealed by emergency rulemaking under A.R.S. § 41-1026 at 10 A.A.R. 2496, effective August 2, 2004 for 180 days (Supp. 04-2).

Exhibit D, Table 4. Repealed

Historical Note

Adopted by emergency effective July 6, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Emergency rule adopted again effective September 29, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Permanent rule adopted effective December 22, 1993 (Supp. 93-4). Repealed by emergency rulemaking under A.R.S. § 41-1026 at 10 A.A.R. 2496, effective August 2, 2004 for 180 days (Supp. 04-2).

Exhibit D, Table 5. Repealed

Historical Note

Adopted by emergency effective July 6, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3).
Emergency rule adopted again effective September 29, 1993, pursuant to A.R.S. § 41-1026, valid for only 90

Exhibit F, Table 5. Repealed

Exhibit F, Table 6. Repealed

Exhibit G. Repealed

Exhibit H. Repealed

Exhibit I. Repealed

Adopted by emergency effective July 6, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Emergency rule adopted again effective September 29, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Permanent rule adopted effective December 22, 1993 (Supp. 93-4). Amended by emergency rulemaking at 7 A.A.R. 1621, effective March 21, 2001 (Supp. 01-1). Repealed by emergency rulemaking under A.R.S. § 41-1026 at 10 A.A.R. 2496, effective August 2, 2004 for 180 days (Supp. 04-2).

Exhibit L, Table 4. Repealed**Historical Note**

Adopted by emergency effective July 6, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Emergency rule adopted again effective September 29, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Permanent rule adopted effective December 22, 1993 (Supp. 93-4). Amended by emergency rulemaking at 7 A.A.R. 1621, effective March 21, 2001 (Supp. 01-1). Repealed by emergency rulemaking under A.R.S. § 41-1026 at 10 A.A.R. 2496, effective August 2, 2004 for 180 days (Supp. 04-2).

Exhibit L, Table 5. Repealed**Historical Note**

Adopted by emergency effective July 6, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Emergency rule adopted again effective September 29, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Permanent rule adopted effective December 22, 1993 (Supp. 93-4). Amended by emergency rulemaking at 7 A.A.R. 1621, effective March 21, 2001 (Supp. 01-1). Repealed by emergency rulemaking under A.R.S. § 41-1026 at 10 A.A.R. 2496, effective August 2, 2004 for 180 days (Supp. 04-2).

Exhibit L, Table 6. Repealed**Historical Note**

Adopted by emergency effective July 6, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Emergency rule adopted again effective September 29, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Permanent rule adopted effective December 22, 1993 (Supp. 93-4). Amended by emergency rulemaking at 7 A.A.R. 1621, effective March 21, 2001 (Supp. 01-1). Repealed by emergency rulemaking under A.R.S. § 41-1026 at 10 A.A.R. 2496, effective August 2, 2004 for 180 days (Supp. 04-2).

Exhibit L, Table 7. Repealed**Historical Note**

Adopted by emergency effective July 6, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Emergency rule adopted again effective September 29, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Permanent rule adopted effective December 22, 1993 (Supp. 93-4). Amended by emergency rulemaking at 7 A.A.R. 1621, effective March 21, 2001 (Supp. 01-1). Repealed by emergency rulemaking under A.R.S. § 41-1026 at 10 A.A.R. 2496, effective August 2, 2004 for 180 days (Supp. 04-2).

Exhibit M, Table 1. Repealed**Historical Note**

Adopted by emergency effective July 6, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Emergency rule adopted again effective September 29, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Permanent rule adopted effective December 22, 1993 (Supp. 93-4). Repealed by emergency rulemaking under A.R.S. § 41-1026 at 10 A.A.R. 2496, effective August 2, 2004 for 180 days (Supp. 04-2).

Exhibit M, Table 2. Repealed**Historical Note**

Adopted by emergency effective July 6, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Emergency rule adopted again effective September 29, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Permanent rule adopted effective December 22, 1993 (Supp. 93-4). Repealed by emergency rulemaking under A.R.S. § 41-1026 at 10 A.A.R. 2496, effective August 2, 2004 for 180 days (Supp. 04-2).

Exhibit M, Table 3. Repealed**Historical Note**

Adopted by emergency effective July 6, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Emergency rule adopted again effective September 29, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Permanent rule adopted effective December 22, 1993 (Supp. 93-4). Repealed by emergency rulemaking under A.R.S. § 41-1026 at 10 A.A.R. 2496, effective August 2, 2004 for 180 days (Supp. 04-2).

Exhibit M, Table 4. Repealed**Historical Note**

Adopted by emergency effective July 6, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Emergency rule adopted again effective September 29, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Permanent rule adopted effective December 22, 1993 (Supp. 93-4). Repealed by emergency rulemaking under A.R.S. § 41-1026 at 10 A.A.R. 2496, effective August 2, 2004 for 180 days (Supp. 04-2).

Exhibit M, Table 5. Repealed**Historical Note**

Adopted by emergency effective July 6, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Emergency rule adopted again effective September 29, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Permanent rule adopted effective December 22, 1993 (Supp. 93-4). Repealed by emergency rulemaking under A.R.S. § 41-1026 at 10 A.A.R. 2496, effective August 2, 2004 for 180 days (Supp. 04-2).

Exhibit M, Table 6. Repealed**Historical Note**

Adopted by emergency effective July 6, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Emergency rule adopted again effective September 29, 1993, pursuant to A.R.S. § 41-1026, valid for only 90 days (Supp. 93-3). Permanent rule adopted effective December 22, 1993 (Supp. 93-4). Repealed by emergency rulemaking under A.R.S. § 41-1026 at 10 A.A.R. 2496, effective August 2, 2004 for 180 days (Supp. 04-2).

ARTICLE 2. STATE RETIREMENT DEFINED CONTRIBUTION PROGRAM

Article 2, consisting of R2-8-201 through R2-8-207, made by final rulemaking at 10 A.A.R. 1962, effective May 4, 2004 (Supp. 04-2).

R2-8-201. Definitions

The following definitions apply to this Article unless otherwise specified:

1. "13th check" means the aggregated amount of the annual annuities awarded to a retired System member as the member's pro rata share of the excess surplus allocated by the Board for an increase in retirement benefits and distributed once a year to a retired System member or, upon election by the retired System member, to the retired System member's surviving beneficiary.
2. "14th check" means the aggregated amount of the annual annuities awarded to a retired System member as the retired System member's pro rata share of the excess surplus due to changes in the interest rate assumption and life expectancy table assumption, allocated by the Board for an increase in retirement benefits distributed once a year to the retired System member or, upon election by the retired System member, to the retired System member's beneficiary.
3. "Actuary" means an individual who is a Fellow of the Society of Actuaries, and is hired and directed by the Board to make actuarial calculations, determinations, valuations, experience studies, recommendations, and other actions directed by the Board.
4. "ASRS" means the same as in A.R.S. § 38-711.
5. "Beneficiary longevity reserve account" means the account established under Laws of 1953 and continued in Section 24 (B) of the Implementing Statute that is used to maintain benefits payable to retired System members and System members' beneficiaries.
6. "Board" means the same as in A.R.S. § 38-711.
7. "Employer" means the same as in A.R.S. § 38-711.
8. "Employer account" means that portion of a non-retired member's System retirement account that contains employer contributions, supplemental credits, and accumulated interest on employer contributions and supplemental credits.
9. "Employer contributions" means the same as in A.R.S. § 38-711.
10. "Excess surplus" means the funds in the beneficiary longevity reserve account that exceed the funded status range and that are subject to allocation by the Board as provided in R2-8-203(A)(3).
11. "Fiscal year" means the same as in A.R.S. § 38-711.
12. "Funded status" means the ratio, expressed as a percentage, of the actuarial value of assets for System members to the total liabilities of the System for future benefits.
13. "Guaranteed account balance" means all System member and employer contributions in a System member's retirement account, not including supplemental adjustments, plus the interest credited annually on those contributions.
14. "Guaranteed benefit" means the portion of a retired system member's or the retired System member's beneficiary's monthly benefit derived from the guaranteed account balance and calculated at the time of retirement.
15. "Implementing Statute" means Arizona Session Laws 1995, Chapter 32, Section 24, as amended by Arizona Session Laws 1999, Chapter 66, Section 1.
16. "Interest" means the assumed actuarial investment earnings rate approved by the Board.
17. "Market value" means an estimated monetary worth of an asset, based on the current demand for the asset and the amount of that type of asset that is available for sale.
18. "Member" means the same as in A.R.S. § 38-711.
19. "Member contributions" means the same as in A.R.S. § 38-711.

20. "Monthly benefit" means the annuitized payment of a retired System member's guaranteed and non-guaranteed account balances.
21. "Non-guaranteed account balance" means the sum of all supplemental adjustments and interest credited on those adjustments.
22. "Non-guaranteed benefit" means:
 - a. The portion of the monthly benefit derived from all supplemental adjustments and interest credited on those adjustments,
 - b. The 13th check, and
 - c. The 14th check
23. "Plan" means the same as "defined benefit plan" in A.R.S. § 38-769, and administered by the ASRS.
24. "Retirement account" means the same as in A.R.S. § 38-771.
25. "Supplemental adjustment" means the amount credited or debited to a non-retired system member's employer account or to a retired System member's non-guaranteed benefit as determined by Section 24 (B) of the Implementing Statute.
26. "System" means the same as "defined contribution plan" as defined in A.R.S. § 38-769, and which is administered by the ASRS.
27. "Total liabilities" means the amount needed to pay all System benefits.

Historical Note

New Section made by final rulemaking at 10 A.A.R. 1962, effective May 4, 2004 (Supp. 04-2).

R2-8-202. Actuarial Assumptions

The following actuarial assumptions apply to this Article:

1. The interest and investment yield rate is 8% per annum, compounded annually; and
2. Mortality rates are based on the 1983 Group Annuity Mortality Table, Unisex 50% male/50% female as provided in Table 1.

Table 1

1983 Group Annuity Mortality Table

Unisex 50% male / 50% female

Age	Mortality Rate
1	0.000000
2	0.000000
3	0.000000
4	0.000000
5	0.000257
6	0.000229
7	0.000210
8	0.000199
9	0.000195
10	0.000195
11	0.000201
12	0.000209
13	0.000216
14	0.000224
15	0.000233
16	0.000241
17	0.000251
18	0.000261
19	0.000272
20	0.000283
21	0.000297
22	0.000310

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23	0.000325	83	0.077798
24	0.000341	84	0.084927
25	0.000359	85	0.092377
26	0.000378	86	0.100370
27	0.000398	87	0.108870
28	0.000422	88	0.118004
29	0.000446	89	0.128107
30	0.000475	90	0.139029
31	0.000505	91	0.150645
32	0.000538	92	0.163045
33	0.000574	93	0.176292
34	0.000614	94	0.191504
35	0.000668	95	0.208253
36	0.000705	96	0.225097
37	0.000751	97	0.242999
38	0.000806	98	0.262351
39	0.000873	99	0.283670
40	0.000952	100	0.307186
41	0.001043	101	0.333156
42	0.001151	102	0.361975
43	0.001278	103	0.394472
44	0.001426	104	0.432808
45	0.001597	105	0.478674
46	0.001794	106	0.533916
47	0.002014	107	0.600414
48	0.002252	108	0.680076
49	0.002509	109	0.774845
50	0.002778	110	1.000000
51	0.003059	111	1.000000
52	0.003352	112	1.000000
53	0.003659	113	1.000000
54	0.003988	114	1.000000
55	0.004336	115	1.000000
56	0.004711	116	1.000000
57	0.005121	117	1.000000
58	0.005581	118	1.000000
59	0.006103	119	1.000000
60	0.006700	120	1.000000
61	0.007383		
62	0.008172		
63	0.009080		
64	0.010127		
65	0.011328		
66	0.012698		
67	0.014242		
68	0.015966		
69	0.017869		
70	0.019958		
71	0.022241		
72	0.024765		
73	0.027581		
74	0.030740		
75	0.034295		
76	0.038286		
77	0.042715		
78	0.047569		
79	0.052837		
80	0.058508		
81	0.064570		
82	0.071006		

Historical Note

New Section made by final rulemaking at 10 A.A.R.
1962, effective May 4, 2004 (Supp. 04-2).

R2-8-203. Adjustment of Benefits for Retired System Members and Retired or Non-retired System Members' Beneficiaries under Section 24 (B)(3) of the Implementing Statute

A. The following actuarial methods apply:

1. The actuarial value of the assets of the System is equal to the market value of all System assets on the last day of each fiscal year;
2. The market value of the System assets is compared annually to the total liabilities, as of the last day of each fiscal year, including the amount necessary to fund the beneficiary longevity reserve account; and
3. A non-guaranteed benefit is not increased or decreased if the funded status is between 95% and 105%.

B. Benefits are reduced as follows:

1. The ASRS shall not reduce a retired System member's or a retired or non-retired System member's beneficiary's guaranteed benefit;
2. The ASRS shall reduce a retired System member's or a retired or non-retired System member's beneficiary's non-guaranteed benefit under this Section; and

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3. The ASRS shall reduce a retired System member's or a retired or non-retired System member's beneficiary's non-guaranteed benefit if the funded status is less than 95%, by reducing the non-guaranteed benefit until the funded status equals 95%.
- C. A retired system member's or a retired or non-retired System member's beneficiary's benefit is reduced as follows:
 1. If the ASRS reduces the non-guaranteed benefit for a retired System member or retired or non-retired System member's beneficiary under this Article, ASRS shall reduce the non-guaranteed benefit using the same method used to distribute excess surpluses, as provided in Section 24 (B)(3) of the Implementing Statute.
 2. The ASRS shall apply a negative supplemental adjustment to a retired System member's or the retired or non-retired System member's beneficiary's non-guaranteed benefit in the following order:
 - a. The 13th check, issued following the date of the valuation that determines the supplemental adjustment; and
 - b. The monthly benefit, applied by January 1 following the date of the valuation that determines the supplemental adjustment.
 3. The ASRS shall use any remaining negative supplemental adjustment not applied to the retired System member's or the retired or non-retired System member's beneficiary's non-guaranteed benefit as an offset against future positive supplemental adjustments.
- D. To restore a retired system member's non-guaranteed benefit after the ASRS has applied a negative supplemental adjustment under subsection (C), the ASRS shall apply a positive supplemental adjustment to a retired System member's non-guaranteed benefit in the following order:
 1. The monthly benefit, applied by January 1 following the date of the valuation that determines the supplemental adjustment. The ASRS shall not apply more than the amount needed to offset previous negative supplemental adjustments; and
 2. The 13th check, issued following the date of the valuation that determines the supplemental adjustment.
- E. To restore a retired or non-retired System member's beneficiary's benefit after the ASRS has applied a negative supplemental adjustment under subsection (C), the ASRS shall apply a positive supplemental adjustment to a retired or non-retired System member's beneficiary's non-guaranteed benefit in the following order:
 1. The monthly benefit, applied by January 1 following the date of the valuation that determines the supplemental adjustment. The ASRS shall not apply more than the amount needed to offset previous negative supplemental adjustments.
 2. The 13th check, issued following the date of the valuation that determines the supplemental adjustment. The ASRS shall not apply more than the amount needed to offset previous negative supplemental adjustments.

Historical Note

New Section made by final rulemaking at 10 A.A.R.
1962, effective May 4, 2004 (Supp. 04-2).

R2-8-204. Adjustment of Non-guaranteed Account Balances for Non-retired System Members under Section 24 (B)(3) of the Implementing Statute

- A. The actuarial methods listed in R2-8-203(A) apply to non-retired members.
- B. If the ASRS reduces non-guaranteed account balances for non-retired System members under this Article, ASRS shall reduce

non-guaranteed account balances using the same method as excess surpluses are credited, as provided in Section 24 (B)(3) of the Implementing Statute.

C. Account balances are reduced as follows:

1. The ASRS shall not reduce a non-retired System member's guaranteed account balance,
2. The ASRS shall reduce a non-retired System member's non-guaranteed account balance under this Section, and
3. The ASRS shall reduce a non-retired System member's non-guaranteed account balance if the funded status is less than 95% by reducing the non-guaranteed account until the funded status equals 95%.

Historical Note

New Section made by final rulemaking at 10 A.A.R.
1962, effective May 4, 2004 (Supp. 04-2).

R2-8-205. Adjustment of Benefits under Section 24 (B)(4) of the Implementing Statute

If the Board elects to distribute gains and losses under Section 24 (B)(4) of the Implementing Statute:

1. Changes in the interest rate assumption or the life expectancy table assumption shall take effect on June 30 following approval of the change by the Board;
2. Gains are allocated to a retired System member's or the retired system member's beneficiary's 14th check, issued following the date of the valuation that determines the positive supplemental adjustment, and are distributed as provided in Section 24 (B)(4) of the Implementing Statute;
3. Losses are allocated to the extent previous gains on or after January 1, 1975 have been allocated using the method employed under this Section;
4. The actuarial methods listed in rule R2-8-203(A) apply to this Section;
5. Benefits are reduced as follows:
 - a. The ASRS shall not reduce a retired System member's or the retired System member's beneficiary's guaranteed benefit,
 - b. The ASRS shall reduce a retired System member's and the retired System member's beneficiary's non-guaranteed benefit under this Section, and
 - c. The ASRS shall reduce a retired System member's and a retired System member's beneficiary's non-guaranteed benefit if the funded status is less than 95%, by reducing the non-guaranteed benefit until the funded status equals 95%;
6. If the ASRS reduces the non-guaranteed benefit for a retired System member or the retired System member's beneficiary due to changes in the interest rate assumption or life expectancy table assumption, ASRS shall reduce the non-guaranteed benefit using the same method used to distribute excess surpluses, as provided in Section 24 (B)(4) of the Implementing Statute;
7. The ASRS shall apply a negative supplemental adjustment to a retired System member or the retired System member's beneficiary's 14th check, issued following the date of the valuation that determines the supplemental adjustment; and
8. The ASRS shall apply any remaining negative supplemental adjustment not applied to the retired System member's or the retired System member's beneficiary's 14th check, under R2-8-203.

Historical Note

New Section made by final rulemaking at 10 A.A.R.
1962, effective May 4, 2004 (Supp. 04-2).

R2-8-206. Benefit Increases under Sections 24 (B)(3) and (B)(4) of the Implementing Statute

If the funded status is more than 105%, the Board shall exercise its discretion under Sections 24 (B)(3) and (B)(4) of the Implementing Statute and as required in A.R.S. § 38-714(C) to determine whether to allocate excess surplus to the appropriate System members and System member's beneficiaries. In determining whether to allocate excess surplus, the Board shall consider all factors that affect the funded status or may affect the funded status in the future.

Historical Note

New Section made by final rulemaking at 10 A.A.R. 1962, effective May 4, 2004 (Supp. 04-2).

R2-8-207. Return of Contributions

A. A System member who elects to receive a return of contributions under A.R.S. § 38-740 is paid as follows:

1. The ASRS shall pay the guaranteed portion of the account balance no sooner than 30 days after the member separates from service, unless earlier payment is otherwise authorized by law;
2. The ASRS shall pay the non-guaranteed portion of the account balance upon completion of the actuarial valuation for the fiscal year end immediately before the date the member separates from service; and

3. The ASRS shall pay the entire account balance no later than 90 days after the member separates from service.

B. A non-retired member's beneficiary who qualifies for and elects a lump-sum payout under A.R.S. § 38-762, is paid as follows:

1. The ASRS shall pay the guaranteed portion of the account balance upon verification of the member's death and determination of the deceased member's guaranteed portion of the account balance,
2. The ASRS shall pay the non-guaranteed portion of the account balance upon completion of the actuarial valuation for the fiscal year end immediately before the date of the member's death, and
3. The ASRS shall pay the entire account balance no later than 90 days after the beneficiary requests the lump-sum payout.

C. If the ASRS pays a partial lump sum to a System member at retirement, the proportion of the guaranteed to non-guaranteed funds the ASRS pays to the System member is equal to the proportion of guaranteed to non-guaranteed funds in the System member's entire account.

Historical Note

New Section made by final rulemaking at 10 A.A.R. 1962, effective May 4, 2004 (Supp. 04-2).